

HOUSE BILL No. 5846

February 18, 2010, Introduced by Reps. Stamas, Moss, Denby, Bolger, Lund, Daley, Rick Jones, McMillin, Moore, Walsh, Booher, Horn, Crawford and Caul and referred to the Committee on Tax Policy.

A bill to amend 1893 PA 206, entitled
"The general property tax act,"
by amending section 7dd (MCL 211.7dd), as amended by 2008 PA 243.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

- 1 Sec. 7dd. As used in sections 7cc and 7ee:
2 (a) "Owner" means any of the following:
3 (i) A person who owns property or who is purchasing property
4 under a land contract.
5 (ii) A person who is a partial owner of property.
6 (iii) A person who owns property as a result of being a
7 beneficiary of a will or trust or as a result of intestate
8 succession.
9 (iv) A person who owns or is purchasing a dwelling on leased

1 land.

2 (v) A person holding a life lease in property previously sold
3 or transferred to another.

4 (vi) A grantor who has placed the property in a revocable trust
5 or a qualified personal residence trust.

6 (vii) The sole present beneficiary of a trust if the trust
7 purchased or acquired the property as a principal residence for the
8 sole present beneficiary of the trust, and the sole present
9 beneficiary of the trust is totally and permanently disabled. As
10 used in this subparagraph, "totally and permanently disabled" means
11 disability as defined in section 216 of title II of the social
12 security act, 42 USC 416, without regard as to whether the sole
13 present beneficiary of the trust has reached the age of retirement.

14 (viii) A cooperative housing corporation.

15 (ix) A facility registered under the living care disclosure
16 act, 1976 PA 440, MCL 554.801 to 554.844.

17 (x) A BANK, CREDIT UNION, OR OTHER LENDING INSTITUTION THAT
18 OWNS PROPERTY AS A RESULT OF HAVING FORECLOSED A MORTGAGE ON THAT
19 PROPERTY FOR 3 YEARS BEGINNING ON THE DECEMBER 31 OF THE YEAR OF
20 THE FORECLOSURE OR UNTIL THERE IS A TRANSFER OF OWNERSHIP,
21 WHICHEVER OCCURS FIRST.

22 (xi) A LAND CONTRACT VENDOR THAT OWNS PROPERTY AS A RESULT OF
23 HAVING FORECLOSED A LAND CONTRACT ON THAT PROPERTY FOR 3 YEARS
24 BEGINNING ON THE DECEMBER 31 OF THE YEAR OF THE FORECLOSURE OR
25 UNTIL THERE IS A TRANSFER OF OWNERSHIP, WHICHEVER OCCURS FIRST.

26 (b) "Person", for purposes of defining owner as used in
27 section 7cc, means an individual and for purposes of defining owner

1 as used in section 7ee means an individual, partnership,
2 corporation, limited liability company, association, or other legal
3 entity.

4 (c) "Principal residence" means the 1 place where an owner of
5 the property has his or her true, fixed, and permanent home to
6 which, whenever absent, he or she intends to return and that shall
7 continue as a principal residence until another principal residence
8 is established. Except as otherwise provided in this subdivision,
9 principal residence includes only that portion of a dwelling or
10 unit in a multiple-unit dwelling that is subject to ad valorem
11 taxes and that is owned and occupied by an owner of the dwelling or
12 unit. Principal residence also includes all of an owner's
13 unoccupied property classified as residential that is adjoining or
14 contiguous to the dwelling subject to ad valorem taxes and that is
15 owned and occupied by the owner. Contiguity is not broken by a
16 road, a right-of-way, or property purchased or taken under
17 condemnation proceedings by a public utility for power transmission
18 lines if the 2 parcels separated by the purchased or condemned
19 property were a single parcel prior to the sale or condemnation.
20 Except as otherwise provided in this subdivision, principal
21 residence also includes any portion of a dwelling or unit of an
22 owner that is rented or leased to another person as a residence as
23 long as that portion of the dwelling or unit that is rented or
24 leased is less than 50% of the total square footage of living space
25 in that dwelling or unit. Principal residence also includes a life
26 care facility registered under the living care disclosure act, 1976
27 PA 440, MCL 554.801 to 554.844. Principal residence also includes

1 property owned by a cooperative housing corporation and occupied by
2 tenant stockholders. **PROPERTY OWNED BY A BANK, CREDIT UNION, OR**
3 **OTHER LENDING INSTITUTION OR A LAND CONTRACT VENDOR AS A RESULT OF**
4 **A MORTGAGE FORECLOSURE OR LAND CONTRACT FORECLOSURE SHALL CONTINUE**
5 **TO QUALIFY AS A PRINCIPAL RESIDENCE WHILE HELD BY THAT BANK, CREDIT**
6 **UNION, OR OTHER LENDING INSTITUTION OR THAT LAND CONTRACT VENDOR IF**
7 **THAT PROPERTY QUALIFIED AS A PRINCIPAL RESIDENCE PRIOR TO**
8 **FORECLOSURE FOR 3 YEARS BEGINNING ON THE DECEMBER 31 OF THE YEAR OF**
9 **FORECLOSURE OR UNTIL THERE IS A TRANSFER OF OWNERSHIP, WHICHEVER**
10 **OCCURS FIRST.** Property that qualified as a principal residence
11 shall continue to qualify as a principal residence for 3 years
12 after all or any portion of the dwelling or unit included in or
13 constituting the principal residence is rented or leased to another
14 person as a residence if all of the following conditions are
15 satisfied:

16 (i) The owner of the dwelling or unit is absent while on active
17 duty in the armed forces of the United States.

18 (ii) The dwelling or unit would otherwise qualify as the
19 owner's principal residence.

20 (iii) Except as otherwise provided in this subparagraph, the
21 owner files an affidavit with the assessor of the local tax
22 collecting unit on or before May 1 attesting that it is his or her
23 intent to occupy the dwelling or unit as a principal residence upon
24 completion of active duty in the armed forces of the United States.
25 In 2008 only, the owner may file an affidavit under this
26 subparagraph on or before December 31. A copy of an affidavit filed
27 under this subparagraph shall be forwarded to the department of

1 treasury pursuant to a schedule prescribed by the department of
2 treasury.

3 (d) "Qualified agricultural property" means unoccupied
4 property and related buildings classified as agricultural, or other
5 unoccupied property and related buildings located on that property
6 devoted primarily to agricultural use as defined in section 36101
7 of the natural resources and environmental protection act, 1994 PA
8 451, MCL 324.36101. Related buildings include a residence occupied
9 by a person employed in or actively involved in the agricultural
10 use and who has not claimed a principal residence exemption on
11 other property. Property used for commercial storage, commercial
12 processing, commercial distribution, commercial marketing, or
13 commercial shipping operations or other commercial or industrial
14 purposes is not qualified agricultural property. A parcel of
15 property is devoted primarily to agricultural use only if more than
16 50% of the parcel's acreage is devoted to agricultural use. An
17 owner shall not receive an exemption for that portion of the total
18 state equalized valuation of the property that is used for a
19 commercial or industrial purpose or that is a residence that is not
20 a related building.